

Message Text

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PAGE 01 ROME 18031 040810Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 /067 W
-----035628 050755Z /17

R 031815Z NOV 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 8233
:TREASURY DEPT WASHDC

UNCLAS ROME 18031

PASS FRB

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJ: YIELDSDOWN SLIGHTLY AT OCTOBER TREASURY BILL AUCTION;
OPEN MARKET SALES CONTINUE.

1. //SUMMARY//. SUBSTANTIAL BANK OF ITALY SALES ON THE OPEN MARKET TOGETHER WITH A FAIRLY SUCCESSFUL TREASURY BILL AUCTION WOULD APPEAR TO HAVE RESULTED IN ANOTHER REDUCTION IN THE BANK OF ITALY'S HOLDINGS OF TREASURY OBLIGATIONS IN OCTOBER. THE FAVORABLE CLIMATE FOR TREASURYFINANCING THAT HAS PREVAILED SO FAR IN 1977 IS CONTINUING TO PERMIT THE CENTRAL BANK PARTLY TO OFFSET THE EXPANSIONARY EFFECTS OF BALANCE OF PAYMENTS SURPLUSES ON THE MONETARY BASE WITH CONTRACTIONARY OPEN MARKET OPERATIONS.

2. AS SHOWN IN TABLES 1 AND 2, BANKS AND OTHER PRIVATE INVESTORS ROLLED OVER THEIR HOLDINGS OF TREASURY BILLS AT THE REGULAR MONTHLY AUCTION ON SLIGHTLY LOWER YIELDS (UNCHANGED ON 3 MONTH BILLS). IN ADDITION, IT WAS REPORTED THAT THE BANK OF ITALY SOLD 1,863 BILLION LIRE OF BILLS ON THE OPEN MARKET DURING THE MONTH, WHICH WOULD MORE THAN OFFSET ITS NET PURCHASES AT THE AUCTION OF 1,341 BILLION LIRE. THE BANK
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OF ITALY IS ALSO REPORTED TO HAVE SOLD 550 BILLION LIRE OF 2 YEAR VARIABLE RATE CERTIFICATES DURING THE MONTH AND REPURCHAWED 230 BILLION LIRE OF BILLS WITH LESS THAN 60 DAYS TO MATURITY.

3. OCTOBER TREASURY BILL AUCTION (BILLIONS OF LIRE).

TABLE 1

MATURING PURCHASED NET

| | | | |
|---------------|------|------|------|
| BANKS/PUBLIC | 2689 | 2848 | 159 |
| BANK OF ITALY | 311 | 1652 | 1341 |
| ----- | | | |
| TOTAL | 3000 | 4500 | 1500 |

TABLE 2

YIELDS (COMPOUND ANNUAL)

| | | | |
|----------|-------|-------|---------------|
| | AUG | SEPT | OCT |
| | --- | ---- | --- |
| 3 MONTH | 14.13 | 12.49 | 12.49 |
| 6 MONTH | 15.12 | 13.29 | 13.17 |
| 12 MONTH | 15.47 | 13.83 | 13.64.GARDNER |

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, SALES, AUCTIONS, TREASURY BILLS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME18031
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Document Unique ID: 00
Drafter: n/a
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Litigation Codes:
Litigation History:
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Review Date: 02-Feb-2005 12:00:00 am
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Review Exemptions: n/a
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Review Release Date: n/a
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Subject: YIELDSDOWN SLIGHTLY AT OCTOBER TREASURY BILL AUCTION; OPEN MARKET SALES CONTINUE.
TAGS: EFIN, IT
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